Beeton, Henry Ramié

Bimetallism: its advantages and what...

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Bimetallism:

Its advantages, and what we suffer by the loss of it.

By

H. R. Beeton.

SEVENTH THOUSAND.

LONDON:
EFFINGHAM WILSON, ROYAL EXCHANGE.
1875

Bimetallism:

Its Advantages, and What we Suffer by the Loss of It.

BY

HENRY R. BEETON.

Being an Address delivered at the invitation of the Bristol Committee of the Bimetallic League, in the Lesser Colston Hall, Bristol on 18th April, 1895.

SEVENTH THOUSAND.

PRICE THREEPENCE.

EFFINGHAM WILSON
ROYAL EXCHANGE, LONDON.

" Upon the generation now living has fallen the duty
" of rebuilding a monetary structure that has been
" visited by earthquake."

S. DANA HORTON.

" English valuations, whatever the legal material for
" the standard in England, are sempiternally dependent
" upon foreign Moneys." *Ib.*

" The value of money has been settled by general
" consent to express our wants and our property, as
" letters were invented to express our ideas; and both
" these institutions, by giving a more active energy to
" the powers and passions of human nature, have con-
" tributed to multiply the objects they were designed to
" express."

GIBBON.

" Money is the most universal incitement of human
" industry." *Ib.*

Bimetallism:

Its Advantages, and What we Suffer by the Loss of It.

Bimetallism: a Reform of the World's Money.

WE are met this evening to consider the justice and expediency of a Reform of the World's Money.

You may, perhaps, think that this is rather a large order, and you may naturally ask what the world's money has to do with us. But I hope to be able to show you that this nation is deeply concerned, and that every one of us is deeply concerned, with the world's money, because, in the first place, there is no political institution upon which the welfare of Society more depends than upon Money, and, because, in the second place, with a commerce which extends to the uttermost ends of the earth, whether we like it or not, the world's money is our money.

The world's money is our money.

The Nature and Work of Money.

Money, then, is essential to our happiness, because it is the most powerful instrument which human agency has ever devised for the production and distribution of wealth; and if, for any reason, it should become less efficient for such purpose, the production of wealth will be retarded, and the distribution of wealth will not be as satisfactory as it ought to be, with the result that poverty and suffering will be brought to hundreds of thousands, and straitness of means and diminution of comfort to millions more.

Its three uses

And Money is the most powerful instrument which human agency has ever devised for the production and distribution of wealth, because it subserves three important uses, between which it is needful carefully to distinguish. Let me tell you what these uses are.

Firstly, money is a commodity which serves by general consent as a *medium of exchange*—it is something which everybody is prepared to take for what he has to sell, in the full assurance that everybody else will be prepared to take it for what he wants to buy;

and,

Secondly, inasmuch as a commodity which exchanges for all other commodities expresses the value of all other commodities in terms of itself, and so renders the values of all other commodities capable of easy comparison, money becomes a *common measure of values;*

and,

Lastly, inasmuch as men not only buy and sell but also borrow and lend, and commute payments in kind, for periods of time, it is found convenient to employ as a record of such obligations that which is at once generally acceptable and a ready measure of values, and accordingly money becomes a *standard of value for deferred payments.*

As a record of lasting obligation,

it is expected to have stable value.

Here we must note an important and obvious truth. In this last capacity, which plays so large a part in the civilised world to-day—*i.e.*, in the capacity of a record of obligation for debts and fixed payments—*money is only employed on the assumption that it will preserve a true record*, or. in other words, on the assumption that its value, or purchasing power will remain reasonably constant through long

periods of time, as otherwise it must act to the injury of either debtor or creditor, and so defeat the intentions of both parties, or at least one party, to the contract.

Money must be judged by its effects on industry,

Since, then, it subserves the purposes of (1) a medium of exchange, (2) a common measure of values, and (3) a standard of value for deferred payments, *we must judge of money, whether it be good or bad, according as it fulfils these functions;* in other words, what we require of money is, that it shall fulfil as many of these functions as possible in the highest attainable degree, and over the widest possible area, and according as it does so more or less, will money conduce more or less to the progress of industry and to the just distribution of the wealth which industry produces.

and is an industrial, not a financial, question.

This being so, we may note in passing that, while money necessarily affects the interests of every class in the community, it is primarily an industrial and social question, not a financial one; and that those who are most immediately concerned in its proper solution are not bankers and permanent officials, but farmers, manufacturers, and working-men—not the moneyed, but the productive, classes—and all those, be they who they may, who seek to advance the wealth of the world and thus to lighten the lot of those who toil.

Our money cannot be ours exclusively,

Also, our money is what other nations, with us, make it, and not what we alone like it to be, because

The legislation of one half of the nations of the world who have a gold standard affects the money of the United Kingdom and the Colonies, and the legislation of the other half of the nations of the world who have a silver standard affects the money of India,

and because

> The adoption or rejection by other nations of the joint standard, not only gives or denies a uniform money between different parts of our Empire, but it gives or denies to the United Kingdom and the Colonies an uniform money with silver standard nations, and it gives or denies to India an uniform money with gold standard nations.

and its purchasing power must be affected by the action of other nations.

That the purchasing power of our money is not within our exclusive jurisdiction is obvious, when you come to think of it. For, in the first place, other nations with whom we trade are at liberty either to adopt or abandon, as the basis of their money, the metal upon which our money is based, and if they abandon it there will be more, and if they adopt it there will be less, of such metal for us; and, in the second place, if other nations with whom we trade adopt as the basis of their money the metal upon which our money is based, they are at liberty to supplement it by more or less of discretionary money (token coin and uncovered notes), and according as thev supplement it by more or less of such money, will there be more or less of such metal for us. The nations which depend for their money upon the world's stock of gold are like communities which depend for their water upon the supply of the *same* lake —no one of them can add water to, or take water from, the lake for itself without raising or lowering the level of the lake for all.

The gold standard is homogeneous, and the silver standard is homogeneous, but they must remain heterogeneous to one another till brought into a common circulation.

Moreover, is it not obvious, when you come to think of it, that if other nations with whom we trade adopt as the basis of their money a different metal from that which we adopt, our money can never have the same value, or purchasing power, as theirs, unless a third nation, or group of nations, adopts the two metals indifferently as money by

bringing them into a common circulation? The nations which depend upon gold only for their price level, and the nations which depend upon silver only for their price level, are in the same position with regard to one another, as two groups of communities which depend for their supply upon the waters of *different* lakes—they can only have the same level when there is an intermediate reservoir into, and from, which there is a free passage from, and into, both lakes.

Money is an individual concern, but necessarily also a common concern.

Two things, therefore, I wish to impress upon you at the outset: the one that, though the currency question, as it is called, is world-wide, it comes home to every one of us; and the other that, vital as the currency question is to every one of us, *a policy of national isolation in regard to it is an impossibility in the nature of things.*

The man, then, who says that money is only a counter, and an insignificant one at that, does not know what Money is, and the Chancellor of the Exchequer who cherishes the mischievous delusion that the stability or integrity of our money can be secured by the separate action, or inaction, of this country, is playing the part of the ostrich which in a predicament buries its head in the sand, and is making himself a laughing-stock to more instructed men.

Bimetallism is not new, and was beneficent.

I have said that we are met this evening to consider the justice and expediency of a Reform in the World's Money. And there is this to recommend the reform which Bimetallists in all countries advocate: that it does not, as do many reforms, involve the risk and uncertainty of a new departure, but, on the contrary, it involves the abandonment of an experiment which was

Mono-metallism is new, and disastrous.

never tried until 22 years ago—an experiment which Bimetallists contend has been tried and found wanting—and the return to a system of which the world has an immemorial experience, and under which the industry and commerce of this country grew to proportions without parallel in history.

Bimetallism before 1873: what it was.

What, then, was the nature of the monetary system which prevailed until 1873, and which we desire to see re-established; and what were the advantages which it conferred upon us, and which we have lost since it was abandoned?

The system of the Latin Union.

Its significance: that bimetallism anywhere is bimetallism everywhere.

Briefly, from 1803 until 1873, the mint of France, and from 1865 until 1873 the mints also of Belgium, Italy, Greece and Switzerland were open to the free coinage of silver as well as gold, and both metals, so coined, were legal tender for the payment of debts to any amount; that is to say, until 1873, France, or France with Belgium, Italy, Greece, and Switzerland, were bimetallic, and coined 15½ units by weight of silver, and 1 unit by weight of gold into coins of the same value. As long as by this means, in some one important country, or important group of countries, the two great mediums of exchange in use in the world were brought into a common circulation, and silver and gold were equally good for the payment of debt at a fixed ratio *somewhere*, so long did the precious metals have a fixed equivalence to each other, either as bullion or coin, *everywhere*. For, all gold and all silver being French money potentially, if not actually, all gold and all silver were necessarily held in the French equilibrium, subject only to expenses of conveyance to the French mint, and of mintage there.

Its success.

Such an arrangement was, of course, *as all monetary arrangements must be*, artificial, but it was undeniably

successful, and I wish to call your attention to two things which followed from it as necessary consequences.

Its consequences.

The first is, that

The Par-of-Exchange,

Gold and silver being equivalent at a fixed ratio, *a fixed par-of-exchange existed between all gold monies and all silver monies*, whereby all gold-using and all silver-using countries, notwithstanding the absence of a *common medium of exchange*, enjoyed an *uniform common measure of values;*

and the second is, that

and uniformity of prices.

Commodities all the world over which were exchangeable for a given weight of gold being, *ipso facto*, exchangeable for a fixed multiple of that weight in silver, *gold prices and silver prices rose and fell together*, whereby all gold-using and all silver-using countries, notwithstanding the absence of a *common medium of exchange*, enjoyed *an uniform standard of value.*

Uniformity of measure and of standard impossible without Bimetallism.

In short, while nations which have the same "standard" enjoy an uniform common measure of values and an uniform standard of value for deferred payments, and, consequently, enjoy an international money, nations which have different "standards" cannot enjoy an uniform common measure of values and an uniform standard of value for deferred payments, and, consequently, cannot enjoy an international money, *unless the two standards are rated together as a joint standard by some nation, or groups of nations.*

Before 1873, then, the commercial world was divided into three groups of nations—those with mints open to the free coinage of gold, those with mints open to the free coinage of silver, and those with mints open to the free coinage of both gold and silver—all having in effect one money between them.

Abandonment of Bimetallism.

After the Franco-German war, however, Germany substituted the free coinage of gold (or gold monometallism) for the free coinage of silver (or silver monometallism), and, as an unexpected result of this, the bimetallic countries, which constituted what is known as the Latin Union, suspended the free coinage of silver, and continued only the free coinage of gold. When this occurred, silver and gold were no longer equivalent for the payment of debt at a fixed ratio anywhere in the world, and they ceased consequently to be equivalent to each other at a fixed ratio throughout the world, whereby a fixed par-of-exchange between all gold-using and all silver-using countries was destroyed, and gold prices and silver prices no longer rose and fell together.

Its significance and effects:

Loss of international money;

Accordingly, the abandonment of Bimetallism in 1873, by the loss of the fixed par-of-exchange and by the loss also of the parity of gold and silver prices, involved for the first time, between gold-using and silver-using nations, the loss of an *uniform common measure of values* as well as of an *uniform standard of value*, and, accordingly, such nations *inter se* ceased to have any money at all.

Division of the world's money into two;

After 1873, then, the commercial world was divided into two groups of nations—those with mints open to the free coinage of gold, and those with mints open to the free coinage of silver—having *no* money between them.

Broadly speaking, in fact, the abandonment of Bimetallism in 1873 introduced the use of two monies, instead of one money, in the area of the world's commerce, whereby each half of the world in its dealings with the other half was reduced to barter, *i.e.*, barter of one kind of money for whatever amount of the other kind it might fetch.

Reduction of international commerce to barter

Effects on the value of the metals.

How injurious this was we shall see presently, but it was not all. For the effect of the action of the Latin Union in closing its mints to the free coinage of silver, while keeping them open to the free coinage of gold, was

Gold increased in value;

To increase the number of gold-using countries using gold alone, at a time when the production of gold happened to diminish, whereby gold tended to become more valuable and gold prices tended consequently to fall;

and, at the same time,

silver would have diminished in value;

To diminish the number of countries using silver (alone or with gold), at a time when the production of silver happened to increase, whereby silver tended to become less valuable and silver prices tended consequently to rise;

but—and here is an important point—

but growth of world's population kept silver stable,

With an increase of demand due to the growth of population, in gold-using and silver-using countries alike, the tendency of gold to become more valuable was *aggravated,* while the tendency of silver to become less valuable was *counteracted.*

while still further enhancing gold;

In the result, therefore, while *gold appreciated greatly*—*i.e.*, while gold prices fell heavily, *silver remained stable*—*i.e.*, silver prices remained unchanged, or nearly so.

hence, not only division, but inequality, making gold bad money and silver good money.

The abandonment of Bimetallism by certain nations, therefore, involved not only the introduction of two independent monies in the area of the world's commerce, but it made the money of some nations better than the money of others—it conferred upon silver-using nations a stable standard of value, and therefore a good money, and it inflicted upon gold-using nations a highly appreciating standard of value, and therefore a bad money, while it left both silver-using and gold-using nations in their international trade without any money at all,

What an injury this has been to all nations, and what an especial and unfair disadvantage it has been to gold-using nations in their competition with silver-using nations, we shall see presently. But before considering the industrial and commercial significance of these things, I wish to point out, particularly, something which always happened, so long as France, or France, Belgium, Italy, Greece and Switzerland, used gold or silver indifferently as money.

Compensatory action of bimetallic countries

by parting with silver to silver-using countries

When, during this period, in consequence of a greater production of gold than silver, prices in the bimetallic countries rose higher than prices in the silver-using countries, the bimetallic countries exchanged silver for commodities with the silver-using countries; and when, in the same way, in consequence of a greater production of silver than gold, prices in the bimetallic countries rose higher than prices in the gold-using countries, the bimetallic countries exchanged gold for commodities with the gold-using countries, thus preserving the territorial distribution of the two metals and with it the universal level of prices.

and with gold to gold-using countries,

and so preserving one level of money and prices.

By this means, therefore, a compensatory action was secured, whereby any divergence in the supply of *either* gold or silver was distributed over *both* silver-using and gold-using countries; and it is a remarkable coincidence that, while the supply of gold has been inconstant and the supply of silver has been inconstant, yet the supply of both metals taken together has been wonderfully constant. Thus, until 1873, the silver-using nations shared the benefit of the production of gold with the gold-using nations, and the gold-using nations shared the benefit of the production of silver with the silver-using nations; but whereas under Bimetallism all the world thus got the benefit of the discoveries of California and Ballarat, since its abandonment only the silver-using

The balance is now destroyed,

nations have had the benefit of the discoveries of Colorado and Broken Hill.

and the gold-using countries are the sufferers.

The abandonment of Bimetallism, therefore, not only involved the introduction of two monies in the area of the world's commerce one of which happened to be better than the other, but it was itself the cause why one was almost necessarily better than the other: for the throwing of so much extra work upon gold, while the work of silver was lightened, could hardly help resulting in relative appreciation of gold, unless the production of gold had greatly increased, or the production of silver greatly fallen off. The gold-using nations have, in fact, borne the whole of the brunt of the fall in prices which ought to have been shared between them and the silver-using nations.

Effects summed up.

It is not easy, as monetary reformers know to their cost, to make clear, especially to those who approach the subject for the first time, the nature and effects of the abandonment of Bimetallism. I trust, however, from what I have said, that you will see that what befell the world in 1873 was: in the first place,

The loss for the first time of a fixed par-of-exchange between all gold-using and all silver using countries, whereby they lost an uniform, or international, *common measure of values** ;

and, in the second place,

The introduction for the first time of duality instead of uniformity in the world's *standard of value*, whereby the value, or purchasing power, of gold was greatly

* The divergence in the relative values of gold and silver since 1873 is shown in a diagram appended.

increased, *i.e.*, the standard of value of all gold-using nations was falsified by appreciation, while the value, or purchasing power, of silver was almost unchanged, *i.e.*, the standard of value of all silver-using nations remained comparatively stable.*

Practical effects on Commerce

It is, however, one thing to admit the existence of these evils, and quite another thing to recognize their significance—it may be conceded that the loss of a fixed par-of-exchange, or "break of gauge," as it has been called, in the world's standard of value, is a disadvantage, but it does not necessarily appear that it is a matter of serious consequence.

The loss of the Par-of-Exchange

In considering the effect upon trade and industry of the loss of a fixed par-of-exchange, or *international common measure of values*, it is not sufficiently recognized upon what nice adjustments the smooth working of the commercial and industrial machine depends, and what small considerations will suffice to check the demand for, and by consequence the production of, commodities which would otherwise be exchanged between gold-using and silver-using nations to their mutual advantage.

dislocates trade with silver-using countries

The trade between gold-using and silver-using countries, and by consequence to a great extent the production of such countries, depends, like all trade, upon very careful calculations of out-goings and in-comings. Before a commodity is produced, the producer requires reasonable assurance that it will be produced at a profit, in other words he requires reasonable assurance that when it is sold he will get at least a little more than

* The comparative stability in the purchasing power of gold and silver since 1873 is shown in a diagram appended.

he gave for it. But in the absence of a money in which he can measure his in-comings as well as his out-goings he cannot have such assurance, and accordingly the producer gives himself the benefit of the doubt—he forgoes the chance of profit in order to avoid the risk of loss, and does not produce the commodity at all. A man who produces and sells a commodity in a gold-using country, for instance, can reckon his out-goings and his in-comings, and in consequence his profit, to a nicety; but a man in a gold-using country, though he may know exactly what it costs him in gold to produce a particular commodity, and though he may know exactly how much silver he can sell it for in a silver-using country, yet cannot know how much gold the silver will procure him, and in consequence cannot ascertain his profit, until he has bartered his silver for gold. Thus, the absence of a *common measure of values* introduces needless uncertainty into the international trade between gold-using and silver-using countries, with corresponding loss to both of them.

by introducing uncertainty.

Silver has to be bartered for Gold,

Moreover, it is no compensation to the merchant that he can avoid embarrassment by "fixing his exchange," because he can only do so by shifting the risk upon others, who must charge him for the accommodation. The gulf between money and barter cannot be bridged by such device. Trade and investment must always be hindered by the absence of a common measure of values, and the world must ever remain poorer for being bereft of a fixed gold-and-silver par-of-exchange.

and the risk of loss by this exchange must be borne by someone.

Practical effect on production, of increase in the purchasing power of money.

Let us pass now to consider the significance of an increase in the purchasing power of money, or an *appreciation in the standard of value*, such as we have seen has resulted to gold-using nations since 1873, and let us enquire what is the effect of it upon the production of wealth. For it is, obviously, with the production of

wealth that we are primarily concerned. It is, of course, important to divide our wealth fairly when we have got it by means of equitable distribution, but the first thing to do is to get as much wealth as possible to divide by means of efficient production.

Purchasing power: what it is.

But first, let us consider for a moment what we mean by the purchasing power of money. By the purchasing power, or value, of money, then, we mean what we can get in exchange for a given quantity of money, or, what we must give for a given quantity of money; *i.e.*, such quantity, not of particular commodities, but of *commodities on an average,* as exchanges for the given quantity of money.

Stability: what it is.

When, therefore, we speak of a stable money we mean a money the purchasing power, or value, of which is stable with reference to commodities in general, not with reference to particular commodities.

General prices and Particular prices distinguished.

So long as the average of all prices is reasonably preserved, society has no concern whether some prices go up and other prices go down in consequence of the relative scarcity or abundance of some commodities as compared with others, and in conformity with beneficent changes in the relative quantities of commodities due to the progress of invention.

It is only with general prices, as determined by the comparative quantity of money, which is *regulated by law,* so far as the law opens the mints to either or both of the precious metals, and not with particular prices, as determined by the comparative quantities of particular commodities, which are *regulated by competition,* that as politicians and monetary reformers we have anything to do.

Stability of general purchasing power the desideratum in the Standard,

The point is important, because it is constantly said that what Bimetallists want is to raise the price of corn, or silver, or something else. The reply is, that what Bimetallists want is to *preserve the purchasing power of Money*, and they want this not because it will benefit this class or that class, but because it is just, and because that which is just benefits all classes. In other words Bimetallists want to preserve stability in the purchasing power of money because, in a civilised society such as ours, money is employed as a *standard of value for deferred payments*, and it is right that the standard-of-value should approximate to a standard of justice. Bimetallists say that the purchasing power which is transferred by a lender to a borrower should be returned by the borrower to the lender at the expiry of the loan with as little alteration as possible; they say that if our standard of value be a just standard, and if wealth be in consequence equitably divided, there will be more wealth to divide; that efficient production depends upon equitable distribution; and that, in fact, whether we have *more or less* wealth to divide depends very largely upon *how* we divide it.

for the sake of contracts.

'Sound' money is stable money.

A "sound" money, an "honest" money, then, is a money which best preserves the equities of contract by preserving general prices. To legislate whereby such equities are impaired, by disturbing the purchasing power of Money, is to tamper with the currency. Not to legislate whereby such equities may be preserved, by preserving the purchasing power of money, is to neglect the currency.

The modern organisation of industry.

Rightly to appreciate the injury to production which is the consequence of an increase in the purchasing power of Money, we must examine the modern organisation of industry.

The agents of production.

For this purpose we may regard the several agents co-operating in production, as

(1) The Landlord, (2) the Capitalist, (3) the Workman, and (4) the Employer;

furnishing respectively

(1) the Land, (2) the instruments of production, (3) the Labour, and (4) the organising skill;

and dividing the product between them respectively as

(1) Rent, (2) Interest, (3) Wages, and (4) Profits.

And the basis of the co-operation in practice is that

The necessity for Fixed Charges in money.

The Employer who organises the production is obliged, in the nature of things, to commute the shares of the product due to the Landlord and the Capitalist for fixed money payments extending over periods of time, and to divide the remainder between the Workman and himself.

During falling prices

the Employer and Workman lose through fixed charges, and the Employer through fixed wages.

In these circumstances it is obvious that if in consequence of an increase in the purchasing power of money, *i.e.*, if in consequence of a fall in prices, the product has to be sacrificed for less money, while the fixed charges due to the Landlord and the Capitalist remain the same, or are not reduced proportionately and simultaneously, the share which the Employer has to divide with the Workman must be reduced; and if the Workman's share is not reduced, it can only be because the Employer's share is reduced still more, or perhaps extinguished altogether. Thus an increase in the purchasing power of money involves a stealthy, remorseless, and unmerited transference of wealth from the Employer and the Workman on the one hand, to the Landlord and Capitalist on the other.

Readjustment is tardy and uncertain,

A periodic, though tardy, re-adjustment of course takes place, but only after painful friction, which retards production and eventually causes loss to every class.

Passive agents and Active agents distinguished.

Now the Landlord and the Capitalist, who are the owners of realised wealth, are passive agents in production, their contributions consisting respectively of Land of *given* fertility and instruments of production of *given* efficiency, but the Workman and the Employer, who put in their strength and skill, are active agents in production, and the efficiency of their contributions *varies with their spirit and cheerfulness.* The social significance, in short, of an unmerited transference of wealth from the industrious to the idle is an entirely different thing from that of the unmerited transference of wealth from the idle to the industrious. The physical and intellectual powers which are engaged in production depend largely, perhaps chiefly, upon the assurance of the due reward of their exertion. If Rent and Interest become less, the earth still yields its increase, and the machine performs its wonted revolutions; but if the fund of Wages and Profits is continuously impoverished, the nerve relaxes, the brain flags, and the courage fails.

The greater harm of burdening and discouraging the latter, by denying the fruits of industry.

> " A merry heart goes all the day,
> " Your sad tires in a mile-a."

There is no more certain or potent influence in the production of wealth than the willingness and hopefulness of industry and enterprise which comes of the enjoyment of their proper fruits. It has been witnessed by philosophers in all ages. " Under the influence " of rising prices," says David Hume, "labour and " industry gain a new life, the merchant becomes more " enterprising, the manufacturer more diligent, and even " the farmer follows his plough with more alacrity and " attention." And on the other hand, " A steady appre- " ciation in the standard of value," says Mr. Arthur Balfour, "is the most deadening and benumbing influence " which can touch the springs of enterprise in a nation."

David Hume on rising prices.

Mr. Balfour on falling prices.

We see, therefore, that the effect of an increase in the purchasing power of money is to retard production by discouraging industry and enterprise, and to diminish unjustly the share of wealth which rightfully belongs to labour. It is the same in all industries and in all countries, whether under free trade or under protection.

Great loss to the world by increase in the purchasing power of money,

The loss of wealth which results to the world, and especially to the more civilized portion of it, from the enforced idleness of willing workers consequent upon the unnecessary disturbance and discouragement of enterprise by the increase in the purchasing power of money, is appalling to think of. Speaking on this point at the Brussels Conference two years ago, Senator Jones said: "It is not too much to say "that throughout the Western world to-day millions "of men stand idle who wait with listening ear for the "signal which shall summon them to labour. The loss "of wealth caused by the idleness of a vast body of men "for even a day is almost incalculable. How much more "so the aggregated losses of a generation! We are "accustomed to regard the numbers destroyed in war as "a great loss to a nation; yet wars arise only at intervals. But the demoralizing and consuming effects of "idleness destroy more people each year than do wars "in a decade."

which discourages enterprise, causes idleness,

From the point of view of a nation with a world-wide commerce, then, can there be any doubt as to the judgment we must pass upon a monetary system such as that which has prevailed since 1873—a monetary system which has left us without any money at all as to half the nations with whom we trade, and which has inflicted upon us in common with the other half, upon whose commerce we are largely dependent, a money the purchasing power of which has steadily increased, with consequent injury to production and injustice to producers?

and cannot be a blessing to the working man,

And yet, despite the teachings of science and history, there are to be found men who say that an increase in the purchasing power of money is "an infinite "blessing to the labouring classes." But if a working man's share of wealth is smaller than it would otherwise have been, by reason of the fall in prices, how is he profited, because when he exchanges his share for somebody else's he employs less, instead of more, of the medium of exchange in the process? Or, on the other hand, if a working man's share of wealth is larger than it would otherwise have been, by reason of the rise in prices, how is he prejudiced, because when he exchanges his share for somebody else's he employs more, instead of less, of the medium of exchange in the process?

who is sure to benefit by rising prices,

Now we have seen that in a progressive society, other things remaining the same, the joint share of wealth accruing to the Employer and the Workman *must be* greater when the purchasing power of money remains stable or diminishes than when it increases; and if, in these circumstances, the joint share be greater, the experience of our generation justifies the belief that the particular share accruing to the Workman will increase at least in proportion to, if it does not continue to grow at the expense of, that of the Employer. At any rate, this is the avowed opinion of the Labour leaders in this country.

as the Labour leaders themselves believe.

Mr. Gladstone, too, does not share the delusion under which Sir William Harcourt, Mr. Shaw Lefevre, Lord Farrer, and some others labour in this respect.

The "cheapness" fallacy exposed by Mr. Gladstone.

Speaking in 1860, after ten years of rapidly rising prices, and pointing out that Free Trade measures had not materially cheapened the price of corn, he said: "But I do not hesitate to say that it is a mistake to "suppose that the best mode of benefiting the working "classes is simply to operate on the articles consumed "by them. . . . . . What is it that has brought "about the great change in their position of late "years? . . . . . It is that you have set more "free the general course of trade; it is that you have "put in action the process that gives them the widest "field and the highest rate of remuneration for their "labour. . . . . . It is the price that labour "thus brings, not the price of cheapened commodities, "that forms the main benefit they receive. That is the "principle of a sound political economy applicable to "commercial legislation."

Real cheapness, due to increased production,

"It is the principle," says Prof. Foxwell, in commenting recently upon this passage of Mr. Gladstone's, "we wish to apply to monetary legislation. In place "of a spurious cheapness brought about by a fall "of prices which depresses production, and leads to "increased protective tariffs all over the world, we "wish to substitute the real cheapness due to an "expansion of production, and to an increase of "'the price which labour brings.' We wish 'to "set more free the general course of trade' by "restoring a common money to the world, and abolish-"ing the 'break of gauge' which now impedes the traffic "between its two halves."

will follow from the restoration of Bimetallism,

In the broad outline of this great question which I have sketched for you I have tried to show you something

of the nature and effects of the monetary revolution known as "the demonetisation of silver"; I have tried to show you that the abandonment of Bimetallism has reduced one-half of the world in its dealings with the other half to a state of barter, to the serious hindrance of their mutual trade and investment; and that, at the same time, it has resulted in an arbitrary increase in the purchasing power of the money of gold-using nations, whereby their production has been retarded by the discouragement of their industry and enterprise, and they have endured an unfair disadvantage in their competition with silver-using nations, who have all the while enjoyed the maintenance of prices with a phenomenal expansion of trade. It is the continuous, wide-spread, and cumulative injustice and injury resulting from this condition of things which is, in the opinion of Bimetallists, the chief cause of the extraordinary and persistent economic depression and social disorder which afflicts the world to-day, and which they seek to remedy by bringing once more into a common circulation the two great mediums of exchange in use in the world.

the absence of which is the chief cause of the present prolonged depression.

It is no objection to Bimetallism that it will not do everything, or that other reforms will do much, for society. There have been many civilizing forces at work in its absence, and there will still remain many to work for when it has been attained. Bimetallism is demanded because it is a better monetary system than Monometallism, and because, however well off we may be, it must be good to have a better monetary system rather than a worse one.

I am well aware how hard it is to give you anything approaching to an adequate conception of so important a subject; but I trust that I have said enough to show you that in advocating the cause of a stable and

Bimetallism is not a class question, but a question of humanity.

uniform standard of value we are advocating the cause alike of social justice and material prosperity. It is not a class question, because it will benefit all classes; it is not a national question, because it will benefit all nations. It will bring us riches without resentment; it will promote peace and goodwill among men.

H. R. BEETON.

APPENDIX.

DIAGRAMS.

NOTE.—For the calculations comprised in the annexed diagrams, I am indebted to the kindness of Mr. R. T. Mallet.

H. R. B.

DIAGRAM OF THE

DIVERGENCE IN THE RELATIVE VALUES

OF GOLD AND OF SILVER

Since 1873

SHEWN IN TERMS OF SILVER

BY ANNUAL AVERAGES.

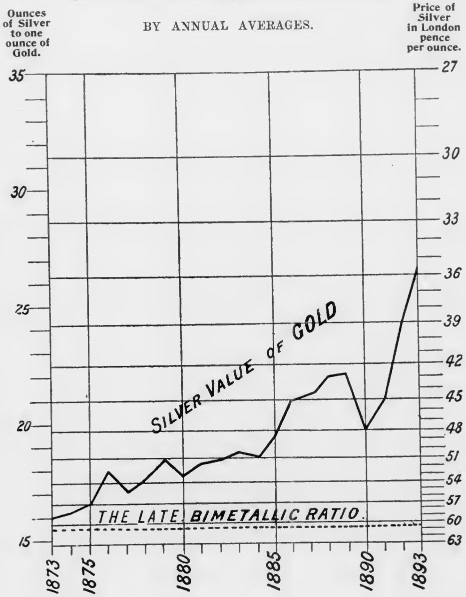


DIAGRAM OF THE

COMPARATIVE PURCHASING POWER

OR VALUE IN TERMS OF COMMODITIES

OF GOLD AND OF SILVER

Since 1873.

SHEWING

THE COMPARATIVE STABILITY OF GOLD AND OF SILVER

AS STANDARDS OF VALUE.

BASED ON MR. SAUERBECKS INDEX NUMBERS.

The Average of Five Years, 1865 to 1869, is taken as 100.

(Silver being then linked to Gold at $15\frac{1}{2}$ to 1).

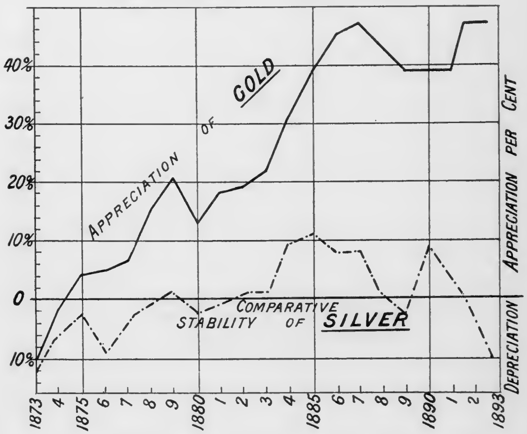
THE FLUCTUATIONS ARE SHOWN AS PER CENTAGES.

The Average Variation in 21 years has been

Gold 25 per cent. Silver 0·2 per cent.

And the Maximum Fluctuation was

In Gold 47 per cent. In Silver 14 per cent.



Any point on either line shews the per centage more or less of Commodities, which exchanged at the time for Gold and for Silver respectively.

FROM Mr. SAUERBECK'S INDEX NUMBERS.

Year.	I. Average Gold Prices.	II. Average Gold Value of bar silver in London.	III. Average Silver Prices deduced from I. & II.	IV. Increase of purchasing power of gold as shown by column I.	V. Increase of purchasing power of silver as shown by column III.
5 years 1865 to 69	100	100	100	% par	% par
1873	111	97	114	— 9.9	— 12.3
74	102	96	106	— 2.0	— 6.1
1875	96	93	103	+ 4.2	— 2.8
76	95	87	110	+ 5.2	— 8.8
77	94	90	104	+ 6.4	— 4.0
78	87	86	101	+ 14.9	— 0.7
79	83	84	99	+ 20.5	+ 1.4
1880	88	86	102	+ 13.6	— 2.3
81	85	85	100	+ 17.7	0.0
82	84	85	99	+ 19.0	+ 1.2
83	82	83	99	+ 22.0	+ 1.3
84	76	83	91	+ 31.6	+ 9.6
1885	72	80	90	+ 38.9	+ 11.0
86	69	75	92	+ 45.0	+ 8.1
87	68	73	93	+ 47.1	+ 7.8
88	70	70	99	+ 42.9	+ 0.6
89	72	70	103	+ 38.9	— 2.6
1890	72	78	92	+ 38.9	+ 8.9
91	72	74	97	+ 38.9	+ 2.9
92	68	65	104	+ 47.1	— 3.7
93	68	59	116	+ 47.1	— 13.9
Average of 21 years.				+ 25	— 0 2

END OF
TITLE